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SIPDIS

DEPARTMENT FOR SA, SA/INS
NSC FOR E. MILLARD

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TAGS: [PREL](#) [PTER](#) [EAID](#) [CE](#) [US](#) [UN](#) [LTTE](#)

SUBJECT: The Ambassador reviews the peace process, aid and redesignation in initial call on Prime Minister

(U) Classified by Ambassador Jeffrey J. Lunstead.
Reasons 1.5 (b, d).

1. (C) SUMMARY. In a September 14 introductory meeting, the Ambassador and Prime Minister Wickremesinghe agreed that last week's donor roundtable on the occasion of Japanese envoy Akashi's visit had usefully demonstrated that the donors were holding firm to the Tokyo linkage between progress at the peace table and the release of reconstruction aid for the North and East. The PM said he has no qualms at all about the imminent U.S. redesignation of the LTTE as a terrorist organization. The Ambassador reviewed the FTA process and also told the PM that no decision has been taken on a November White House meeting. The PM plans to have some "like-minded countries" activities in New York but would appreciate more information on U.S. "UN reform" perspectives. The PM encouraged the Ambassador to have a close working relationship with President Kumaratunga.
END SUMMARY.

2. (C) The Ambassador, accompanied by DCM, paid an introductory courtesy call on Sri Lankan Prime Minister Ranil Wickremesinghe September 14. Minister for Economic Development Milinda Moragoda and Secretary to the PM Bradman Werakoon sat in with the PM.

Akashi, Aid and Redesignation

3. (C) After an initial exchange on latest developments at the WTO meeting in Cancun (Moragoda had just gotten off the phone with Sri Lankan Ambassador to the U.S. Devinda Subasinghe who is in Cancun) in which the PM pledged that Sri Lanka would be as helpful as possible there, the conversation turned to the September 12 donor's meeting in Colombo chaired by Japanese special envoy Yasushi Akashi. Wickremesinghe told the Ambassador that the U.S. statement at the September 12 donor roundtable had been "quite useful," especially in its reiteration of the U.S. view of the Liberation Tigers of Tamil Eelam (LTTE). The PM commented that, as his government takes a "soft approach" to the LTTE as part of its peace negotiating strategy, it is helpful that that be balanced by "tough statements from the outside."

4. (C) The Ambassador briefed the PM on the timeline for U.S. redesignation of the LTTE as a Foreign Terrorist Organization (FTO) and reviewed some of the ways in which the U.S. might make public the rationale for the redesignation and what the LTTE could do to perhaps one day get off the list. Wickremesinghe said he "agreed completely" with the U.S. redesignation and thought that the idea of a concurrent interview explaining the U.S. action was a good one. The PM said the combination of Friday's (September 12) Akashi press statement which made clear that reconstruction aid to the North and East is tied to progress in the peace process (he agreed with the Ambassador that "progress" would mean more than just a return to the negotiating table) and the U.S. redesignation exercise fit together well. "The LTTE is no longer monolithic," he said. It is necessary, Wickremesinghe said, to encourage those in the LTTE who are "inside looking out." Moragoda commented that the international community must stand firm on the LTTE since the group is "good at wearing you down." The Ambassador agreed that making concessions in the face of LTTE obstructionism on the peace process would send absolutely the wrong message. The most useful aspect of Akashi's visit had been the reiteration that donors are not backing off and that the Tokyo position is holding strong.

5. (C) On the reconstruction front, Moragoda noted that the Janantha Vimukthi Peramuna (JVP) in particular was making mileage politically with the erroneous but powerful message that there would be no reconstruction assistance in the South until the Tigers allowed sufficient progress in the peace process to release reconstruction aid for the North and East. The

Ambassador noted that the Akashi statement had very clearly spelled out three key points: 1) there will be no reconstruction assistance in the North and East until there is "progress" in the peace process; 2) humanitarian assistance in the North and East will continue unabated; 3) reconstruction assistance in the South will continue to flow unaffected by the peace process, and would, in fact, be "intensified." The Ambassador, the PM and Moragoda agreed that the third point perhaps needed to be underlined in the domestic political arena to rebut the notion that the LTTE is holding aid to the South hostage.

Trips and Visits -----

16. (C) Asked about his travel plans, Wickremesinghe told the Ambassador that his New York UNGA trip is set and that he will depart Colombo next weekend. Moreover, he said he understands that President Kumaratunga has written to UNSYG Annan to advise that she will attend neither the UNGA nor the AIDS Summit (Note: We've heard the same thing elsewhere). The PM asked where things stand on his proposed White House meeting in November. The Ambassador briefed the PM on the White House scheduling process but noted that the State Department would continue to work the issue. Wickremesinghe noted that the problem for him is that the Sri Lankan budget is presented in November and the process involves certain key dates on which he must be present in Parliament. These dates had not yet been set, pending firm dates for Washington, but the first week in November would be best for him. (His current plan is to present the budget to Parliament on Nov. 12.) After the Ambassador explained that a decision from Washington probably was not imminent, Wickremesinghe said he would proceed with the budget debate arrangements and then try to adjust as needed if dates are received from Washington.

FTA/MCA -----

17. (C) Moragoda told the PM and the Ambassador that, according to Ambassador Subasinghe, informal discussions with U.S. officials on the margins at Cancun about a U.S.-Sri Lanka Free Trade Agreement (FTA) were encouraging. The Ambassador reviewed for the PM the FTA negotiating process and noted that there is no guarantee that talks will start soon. Nonetheless, the preliminary work the GSL has undertaken, such as reviewing the Singapore and Chile FTAs, can only help. Wickremesinghe said he wanted to spend time on the Hill and with the U.S. business community in November talking up the benefits of an FTA. Moragoda asked about the Millennium Challenge Account (MCA). The Ambassador explained that the operating framework and the criteria were still being developed but noted that, on the face of it, Sri Lanka would seem to be a good potential candidate. He told the PM that much of the review work the GSL was undertaking as part of the FTA process would also be valuable when it came time to show that Sri Lanka was serious about MCA qualification, since MCA membership would be "performance-driven." Wickremesinghe and Moragoda nodded.

Like-Minded Countries -----

18. (C) The Ambassador asked the PM what Sri Lanka plans to do during UNGA regarding the Like-Minded Countries initiative. Will a meeting or some other forum be convened? Moragoda said that Ambassador Subasinghe had been doing "a fair amount of trawling" with a number of countries. So far, no country has given a "flat no." The PM might have a few bilaterals or "small meetings" on the subject in New York. Moragoda noted that the PM liked the idea of UN reform as an agenda item for the group but that it is not clear what the term means. Could the U.S. clarify exactly what reforms it would like to see in the United Nations? The Ambassador said we would be glad to and suggested that perhaps the PM could meet with IO A/S Holmes in New York on the subject and/or IO/DAS Miller could brief Moragoda. Moragoda commented that UN reform and Doha WTO follow-up should probably be the first two "like-minded" topics, with WMD coming later. Wickremesinghe told the Ambassador that Japanese envoy Akashi had used their meeting last week to lobby for Sri Lankan support on a Japanese Security Council seat.

Both Sides of the Cohabitation Fence -----

19. (C) The Ambassador told the PM that he hoped to present credentials to President Kumaratunga soon. He

advised the PM that, as the U.S. envoy to the entire Sri Lankan government, he hoped to have a cordial and substantive relationship with the President. "That's good," Wickremesinghe replied. "The more meetings you have with her, the better." The Ambassador said, at the same time, he did not intend to be an envoy between the PM and the President. Wickremesinghe laughed and said he understood completely.

110. (C) COMMENT. The PM was relaxed for this Sunday morning meeting which he had requested. Both the PM and Moragoda were grateful for U.S. efforts on Friday's "Tokyo Follow-Up Meeting" and were visibly relieved that it had gone well. The PM has a full and detailed agenda for his trip to the U.S., and we strongly recommend a meeting to discuss UN issues in the context of the proposed Like-Minded Countries initiative. The interpersonal dynamics of the meeting were interesting, as the PM and Moragoda played tag team, with one suggesting a topic and the other then filling in. END COMMENT.

111. (U) Minimize considered.

LUNSTEAD